

Statement  
**Chairman Michael G. Oxley**  
**Committee on Financial Services**  
**Subcommittee on Domestic Monetary Policy, Technology**  
**and Economic Growth**  
**July 24, 2001**

**Design and Security of Currency**

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The Financial Services Committee deals with a number of serious, sensitive subjects, but there can be no topic more important – if sometimes overlooked by the public – than the security of the nation's currency.

In these days of electronic funds transfers and the Internet, it sometimes is possible to overlook the fact that it is the paper banknotes – the “greenback” one-dollar bill that is the unit of currency on which multi-billion-dollar merger deals are struck. The dollar is the reserve currency of the world, the monetary unit on which, for example, oil purchases and sales are calculated. Hundreds of billions of dollars worth of one-dollar and five-dollar and ten- and twenty- and fifty and, particularly, one-hundred-dollar banknotes circulate through the world every day.

It's no wonder that so powerful, so stable a currency as the U.S. banknote has become a target of opportunity for crooks. Roughly \$40 million in fake bills were passed in the U.S. last year, and this year the number is on track to be \$47 million.

Fortunately, most of the fakes aren't that good – careful inspection by consumers and businesses can spot most of them fairly easily, and it's estimated that nearly all are caught before being passed more than three times. Also, we are very lucky that the Secret Service has such a dedicated and talented group of agents working on the issue domestically and overseas.

Nevertheless, I can tell you from my days as an agent with the FBI that crooks get better at their efforts the more they try, and I think it's clear that their tools – the computers and ink-jet printers and scanners they use – are getting better, and cheaper too. Soon, we're going to need a new generation of U.S. bills to stop this tide, and I look forward to the testimony of the Bureau of Engraving and Printing to tell us at least in general terms what they have in mind.

I want to commend Chairman King for scheduling this important hearing. I think this is an important opportunity to dismiss one of the biggest fallacies about counterfeiting. People generally know that counterfeiting used to be done by talented, if crooked, old-style printers. Now, with easy access to computers, most of the press-based counterfeits produced in this country have disappeared.

The rumor is out there that most of the counterfeiting now is done by kids up in their rooms, without the knowledge of their parents, and that this is just a sort of childish prank. It's not. Counterfeiting by kids is serious, but it's not all that big a chunk of the problem, either. While half of the counterfeiters caught are under 23

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and probably half of those in their teens, that whole group made only a tiny fraction of the seized fake currency made in the U.S. Instead, the vast majority is produced by organized crime, often violent drug gangs. Of the fake U.S. money made overseas, nearly all is made by organized crime and it finds its way into the U.S. by the same routes drugs are smuggled across our borders, sometimes even the same people.

We have to maintain our vigilance, and crack down hard on the people who think counterfeiting is a safe, easy, victimless crime. While your chances of ever touching a fake banknote are small, if you were the owner of a small business who accepted a fake note by accident, the effect on your business's bottom line would be very real, indeed.

I'm happy we have such talented men and women working at the Bureau of Engraving and Printing to keep the quality of our banknotes high, and at the Secret Service to catch the crooks who would fake our money. I commend them all

On a happier note, I am pleased to welcome to the Financial Services Committee students from Liberty Middle School and Patrick Henry High School of Ashland, Virginia, who have a unique and patriotic idea about the redesign of U.S. currency. Welcome also, to Senator Allen of Virginia, who has come to visit us from the other body. Mr. Cantor from Virginia is also here. Mr. Cantor has worked hard on the Liberty Dollar Bill idea with the goal of reminding us all about the important words of the Constitution upon which our country is founded. The students and their teacher have done a marvelous job of publicizing their idea. While it never is easy to pass legislation, energy and dedication are a good place to start, and they have plenty of both.

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